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ABSTRACT

America cannot afford to continue to pay the sociopsychological, sociopolitical, and economic costs of racism. The economic and psychosocial benefits of racism to the majority population during the slavery era are obvious. Similar interests motivated the discriminatory treatment of African Americans during the Jim Crow period, when Whites still believed that excluding African Americans from full social, economic, and political participation and exploiting them for economic gain was part of the natural order. Since the 1954 Supreme Court decsision, "Brown v. Board of Education," White Americans have continued to enjoy material and psychosocial advantages based on past racially exclusionary practices and present institutionalized discrimination. However, this long history of racism has created social costs in terms of social instability, loss of economic productivity, and constraints on the United States' world role as a purveyor of democracy. African Americans bear the individual costs of low self-esteem, high unemployment, low socioeconomic status, and limited opportunities. White Americans bear the costs of ignorance, moral ambivalence, interracial tension, and a weakened labor force. Statistical data are presented in eight tables. A figure illustrating the reciprocal relationships among the sociopsychological, sociopolitical, and economic costs of racism is included. A list of 98 references is appended. (FMW)

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THE PRICE:
A Study of the Costs of Racism in America

BILLY J. TIDWELL

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THE PRICE:
A Study of the Costs of Racism in America

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JULY, 1990

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This nation faces serious challenges as we head toward the year 2000. There is no greater challenge than that of ridding the society of the stubborn problem of racism and discrimination. The social and economic well-being of African Americans continues to be restricted by White America's refusal to accept them as full, equal members of the society. At the same time, the well-being of the nation as a whole is severely impaired by the persistence of racism in its various forms. The National Urban League, through its President, John E. Jacob, has been relentless in its efforts to bring this realization to the nation's leadership and its people. The present report is a direct extension of this process. It was prepared under the sage guidance of Frank Lomax III, the NUL's Executive Vice President, and the author is grateful for his support. Also, I must acknowledge the support of my colleagues in the Research Department and the whole of the Washington Operations office. Special acknowledgement is extended to Swazi Tshabalala, Research Assistant, for her able service in conducting literature reviews, compiling data, performing preliminary analyses, and otherwise assisting the research. Also, special recognition is accorded to Deborah Searcy, Production Assistant, who labored tirelessly and proficiently to bring the final product to fruition.

EXECUTIVE SUMMARY

Since the first slave ship arrived at her shores, there have been voices decrying the presence of racism in America. Indeed, the multidimensional phenomenon of racism and discrimination against African Americans is arguably the most intractable problem this society has experienced. Of course, the very existence of slavery, the subsequent legalized subjugation of African Americans after Emancipation, and the persistence of racial oppression in more subtle, institutional forms signify that racial inequality has been both acceptable and beneficial to the white majority. It is only recently in the nation's history that the voices of opposition have become predominant in the public discourse on the issue.

During the slavery era, the benefits of racism to the majority population were obvious. Economic self-aggrandizement and psychosocial domination sum up the rewards. Similar interests motivated the discriminatory treatment of African Americans during the Jim Crow period. Although the sociopolitical context was different, whites still believed that excluding African Americans from full participation in the society's economic, social, and political life and exploiting them for pecuniary gain was in the natural order of things, legitimated by their self-
serving, psuedo-religious claims to preeminence.

In more recent times, demarcated by the 1954 Supreme Court decision in Brown v. Board of Education, white Americans have

continued to enjoy material advantage based on the racially exclusionary practices of the past and the operation of institutional discrimination in the present. Moreover, they have yet to eradicate completely the psychosocial syndrome of racial superiority that has, from the beginning, distinguished their relationship with the African American minority.

On the other hand, as compelling as the benefits have been, racism has also been costly to the society and its members. The price has taken several forms, all contoured and revealed by the divergence between the society's egalitarian ideals and the harsh realities of human degradation.

The question of the costs of racism has slowly but inexorably moved toward the center of public consciousness and concern. The reference here is not to just the recognized human hardships the phenomenon visits upon its victims. Nor is it limited to the nebulous notion of moral degeneracy. The price that interests us also includes what the society has had to pay in social instability, impairment of its capacity to produce and progress, and constraints on its role as a purveyor of democratic principles in the developing world. Even in these terms, the price is ultimately exacted from individuals; it ultimately impacts the quality of life of both the perpetrator and the victim of racial discrimination.

As the 21st century approaches, bringing new demands and challenges, it is essential that there be more public understanding and appreciation of the costs of racism--past, present, and future. It is important that policymakers conduct

more hardnose benefit-cost analyses of the problem in assessing what is in the best interest of the general welfare. For under present conditions, the problem of racism goes well beyond the moral imperative to "do the right thing." It has become an urgent matter of national security. Consequently, we must decide as a nation whether we can continue to pay the price. We must decide as a nation whether it is time finally to balance the ledger of racial justice.

Based upon a systematic examination of some of the important sociopsychological, sociopolitical, and economic costs of racism, this report concludes that the nation indeed cannot continue to pay the price. In sociopsychological terms, racism continues to cause too much anguish and dysfunction. With respect to sociopolitical considerations, we have experienced rupturing social instability and would be hardpressed to withstand recurrences of this problem. From the perspective of the nation's economic well-being, the drain on the economy occasioned by racism is of monumental proportions.

American society has therefore reached a critical point of departure which could have decisive implications for her long-term future. Whether we will pursue the right course toward strength and vitality or continue to endure the failures of the past is uncertain. What is certain is that the future is ours to control. What is certain is that action based on enlightened self-interest holds the greatest promise. What is certain is that lowering the costs of racism is a key prerequisite to progress. We offer three main policy proposals:

- There must be an unqualified recommitment to ensure equal opportunity in all areas of social and economic life.

- We must determine by all means necessary to train and prepare the present generation of African American youth to meet the nation's changing human resource needs.

- There must be a concentrated effort to revitalize the nation's economically depressed urban areas where African Americans continue to be disproportionately represented.

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I. INTRODUCTION

> One hundred years of delay have passed since President Lincoln freed the slaves, yet their heirs, their grandsons, are not fully free. They are not yet freed from the bonds of injustice. They are not yet freed from social and economic oppression. And this nation, for all its hopes and all its boasts, will not be fully free until all its citizens are free.[1]
>
> John F. Kennedy

Since the first slave ship arrived at her shores, there have been voices decrying the presence of racism in America. Indeed, the multidimensional phenomenon of racism and discrimination against African Americans is arguably the most intractable problem this society has experienced. Of course, the very existence of slavery, the subsequent legalized subjugation of African Americans after Emancipation, and the persistence of racial oppression in more subtle, institutional forms signify that racial inequality has been both acceptable and beneficial to the white majority. It is only recently in the nation's history that the voices of opposition have become predominant in the public discourse on the issue.

During the slavery era, the benefits of racism to the majority population were obvious. Economic self-aggrandizement and psychosocial domination sum up the rewards. Similar

interests motivated the discriminatory treatment of African Americans during the Jim Crow period. Although the sociopolitical context was different, whites still believed that excluding African Americans from full participation in the society's economic, social, and political life and exploiting them for pecuniary gain was in the natural order of things, legitimated by their self-serving, psuedo-religious claims to preeminence.

In more recent times, demarcated by the 1954 Supreme Court decision in Brown v. Board of Education, white Americans have continued to enjoy material advantage based on the racially exclusionary practices of the past and the operation of institutional discrimination in the present. Moreover, they have yet to eradicate completely the psychosocial syndrome of racial superiority that has, from the beginning, distinguished their relationship with the African American minority.

The evidence of white benefit from racism and discrimination is persuasive. Writing in 1963, the same year that President Kennedy urged Congress to enact comprehensive civil rights legislation, one analyst made the point as follows:

> [O]ne should...avoid viewing discrimination as merely a self-perpetuating carry-over from a past era which will certainly and rapidly disappear once the Myrdalian "vicious circle" is broken. The tradition of discrimination against Negroes apparently receives continuous reinforcement from the present self-interests of the majority.[2]

On the other hand, as compelling as the benefits have been, racism has also been costly to the society and its members. The price has taken several forms, all contoured and revealed by the divergence between the society's egalitarian ideals and the harsh realities of human degradation. This conflict between principle and practice was a source of protest and instability even during the slavery period. The indomitable Frederick Douglass was acclaimed for his piercing denunciations, while Nat Turner exemplified the determination of the enslaved to fight for freedom. Later, in An American Dilemma, Gunnar Myrdal elucidated the problem and cogently documented its dimensions as a contemporary social issue.[3] The "dilemma" persists. Similarly, W.E.B. DuBois' observations prompted him to conclude that "[t]he problem of the twentieth century is the problem of the color-line."[4] The DuBois assessment was understated, in terms of both the severity and longevity of of American racism as a systemic problem. Racism and its effects threaten to be serious societal liabilities well beyond the year 2000.

The question of the costs of racism has slowly but inexorably moved toward the center of public consciousness and concern. The reference here is not to just the recognized human hardships the phenomenon visits upon its victims. Nor is it limited to the nebulous notion of moral degeneracy. The price that interests us also includes what the society has had to pay in social instability, impairment

of its capacity to produce and progress, and constraints on its role as a purveyor of democratic principles in the developing world. Even in these terms, the price is ultimately exacted from individuals; it ultimately impacts the quality of life of both the perpetrator and the victim of racial discrimination.

As the 21st century approaches, bringing new demands and challenges, it is essential that there be more public understanding and appreciation of the costs of racism--past, present, and future. It is important that policymakers conduct more hardnose benefit-cost analyses of the problem in assessing what is in the best interest of the general welfare. For under present conditions, the problem of racism goes well beyond the moral imperative to "do the right thing." It has become an urgent matter of national security. Consequently, we must decide as a nation whether we can continue to pay the price. We must decide as a nation whether it is time finally to balance the ledger of racial justice.

Accordingly, the present report provides a systematic examination of the costs of racism in America. The study focuses on three main types of costs--sociopsychological, sociopolitical, and economic. These perspectives are described brieflybelow.

- **Sociopsychological cost** refers to the adverse impacts of racism on the interpersonal, emotional, and mental functioning of the individual.

- **Sociopolitical cost** refers to negative effects of racism on the social stabil-

ity of the society and the integrity of the society's institutions.

- **Economic cost** refers to the loss of efficiency and productivity occasioned by racism, as measured by various indicators of the economic well-being.

Of course, our inquiry into the costs of racism follows a substantial cumulative body of related research and commentary. Theoretical and empirical interest in various aspects of the subject has been widespread. However, few previous works have addressed the cost question in the comprehensive manner that is done here, that is, from several different viewpoints. Through its comprehensiveness as well as through the kinds of analyses conducted, the present study seeks to offer new insights into an exceedingly complex problem.

In addition, while the cost issue has commanded serious attention in the past, it must be treated even more seriously as a contemporary concern. There are two key considerations in this regard. First, the racial demography of the nation is changing rapidly, with African Americans and other minorities comprising a growing share of the total population. Between now and the year 2000, the African American population is expected to increase by 12.8 percent, compared to a 5.2 percent growth rate for whites.[5] Corresponding changes are occurring in the composition of the civilian labor force. By the year 2000, African Americans will account for 17.4 percent of all new workers, up from 15 percent in 1988. The proportion of white new workers is

projected to decline by 7.5 percent during this period.[6]

Thus, African Americans could be the critical human resources of the future. However, they must be prepared and allowed to contribute their talents, unencumbered by the race-based constraints on development and access that have been endemic to their experience in white America. The cost of racism in this respect could quite literally bring the nation to the brink of bankruptcy as a competitor in the changing global marketplace.[7]

Second, the recent movement toward democratization in Eastern Europe and other parts of the world is widely applauded as a positive development which is in the geopolitical self-interest of the United States to promote. Although the changes appear irreversible, the incipient democracies are nonetheless fragile systems whose future is very much in the balance. The degree to which this country is able to provide moral as well as material support could be decisive in some cases. In this connection, the continuing specter of racism in America, the persistence of racial conditions that contradict the nation's most fundamental democratic principles limits its ability to exert moral influence in the international community. Here, too, racism and discrimination are severe liabilities.

These observations simply underscore the importance of coming to grips with the costs of racism and investing the nation's collective energies in more progressive directions. The price of the status quo is too high, and could go even

higher unless the right kinds of commitments are made to settle the racial inequality account.

The next chapter presents an overview discussion of racism in concept and practice and elaborates upon the cost framework adopted for this study. The presentation includes comments on the interrelationships among the three cost categories and some general remarks on the limitations of the research. The cost analyses themselves are contained in Chapters III, IV, and V. Each begins with a description of the specific variables of interest and the approach to measuring them. Finally, Chapter VI considers the major implications of the assessment and offers some basic public policy recommendations to eradicate racism and its effects.

II. AMERICAN RACISM: CONCEPT AND PRACTICE

> Racism is both overt and covert. It takes two, closely related forms: individual whites acting against individual blacks, and acts by the total white community against the black community. We call these individual racism and institutional racism. The first consists of overt acts by individuals....The second type originates in the operation of established and respected forces in the society...[8]
>
> **Stokely Carmichael and Charles V. Hamilton**

The study of racism and related subjects invariably presents difficult conceptual and definitional problems. The literature is replete with arguments over what constitutes "racism," "racial discrimination," or "race prejudice" and appropriate ways of measuring these phenomena. Similarly, there are broad disagreements around cause and effect issues.[9] Moreover, the analytic problems have become more complicated over the years, as the society has undergone significant changes in relations between the races and the framework of laws that govern them. Commenting on the recent period between 1964 and 1984, one widely respected student of the subject makes the following observation:

> Both at the individual and institutional levels, racism is typically far more subtle, indirect, and ostensibly nonracial now than it was in 1964, during the full swing of the Civil Rights Movement. Consequently, detection and remedy have become more dilfficult. Even the definitions of, as well as the methods of measuring, "prejudice" and "discrimination," have been brought into question.[10]

Despite the recent resurgence of racially motivated violence and other flagrant expressions of hostility toward African Americans (e.g., the notorious Bensonhurst affair, the Howard Beach incident, and the repressive police action against African American students in Virginia Beach), events which are disturbingly reminiscent of an earlier period,[11] there is little doubt that the broader context for understanding and assessing the "race problem" has changed. These changes are confounding to policymakers and researchers alike. At the same time, the increased complexity of the subject does not mean that racism, however conceived, is of any less consequence. To the contrary, it is a central thesis of this report that racism is in some ways even more consequential now than in the African American experience of the past.

We do not presume to resolve the slippery conceptual and methodological issues here. However, it is important to provide some overview discussion on the nature of American racism as an historical and contemporary phenomenon, by way of explaining more fully our particular interest in the cost question.

A. Overview

Whatever the perspective one adopts and the historical period to which it is applied, racism or racial discrimination against African Americans denotes one overriding condition--subordination. Generically, racial discrimination can be viewed as "...differential treatment by

members of a dominant race which functions to deny or to restrict the choices of members of a subordinant race."[12] Under slavery, the differential treatment of African Americans was systematic and all-encompassing. The slaves were regarded as chattel and therefore did not share in the protections, rights, and privileges the Constitution conferred on all American citizens. Indeed, slavery in the United States was unique in the efficacy and completeness of the subordination process.[13] The system was driven by a singular purpose, human exploitation, and was anchored in an ideology of white biological and spiritual superiority for its justification.

Emancipation brought very little relief to the subjugation of African Americans. Except for a brief period during Reconstruction, the freedmen continued to occupy a caste-like status. Their subordinant condition was affirmed by the Supreme Court's infamous "separate but equal" decision in Plessy v. Ferguson and codified in an elaborate framework of segregationist laws and practices that prevailed for three generations.[14] Jim Crowism was virtually as effective as slavery itself in denying to African Americans the choices and opportunities experienced by the white majority. Further, the doctrine of white supremacy was reinvigorated during this period, penetrating deeply into the value system of the larger society and sharply regulating relations between the races. Also, African Americans continued to be exploited for the monetary benefit of whites--as

sharecroppers, tenant farmers, etc.

It is worth pausing here to emphasize three salient points in this brief account. First, for most of their history, racial discrimination against African Americans has been a matter of official government policy. Thus, the government's role has gone well beyond merely condoning mistreatment. Government institutions created, implemented, and enforced the rules of racial oppression. This circumstance vividly distinguishes the historical experience of African Americans from that of other racial and ethnic groups that have been the objects of discrimination and prejudice.[15]

Second, the generation and maintenance of structured inequalities in quality of life has been a hallmark of American racism. There have always been clear standards in this society as to what constitutes individual and family well-being and what it means to be "successful." In terms of basic subsistence needs, the enjoyment of amenities, prestige, emotional and physical health, etc., the American conception of "the good life" is universally shared. By the same token, the mechanisms for social mobility and the "pursuit of happiness" have been well defined and functional. The effect of racism, however, has been to systematically restrict the quality of life of African Americans by denying them access to these mainstream vehicles for socioeconomic advancement and otherwise limiting their rewards from personal initiative. The upshot is that African Americans

have been relegated to a much lower standard of well-being in all vital areas of life than that enjoyed by the white majority. The durability of these disparities attests to the potency of racism as a force in American life.[16]

Third, and related to the preceding comments, American racism and the systemic processes associated with it have operated to promote the interests of the white majority. Through their blatant economic exploitation of African Americans and privileged, if not exclusive, position in the society's opportunity structure, whites have gained advantages that may be impossible to overcome. More is said about these benefits of racism below.

Resuming the chronology, the legal status of African Americans was fundamentally altered in 1954 by the Supreme Court's Brown decision, which overturned the "separate but equal" ruling in Plessy v. Ferguson. Declaring that separation was inherently unequal, the Court ushered in an era of radical restructuring of American race relations. Further court decisions, the 1964 Civil Rights Act, the 1965 Voting Rights Act, and a series of executive orders redefined the federal government's attitude toward equal opportunity and its constitutional obligation to ensure racial equality. There is no doubt that the larger spate of judicial, legislative, and executive actions commenced in 1954 brought profound improvement in the African American condition. But have they eliminated racism? Have they eradicated racial inequality? Have they resolved the perennial American

dilemma? Such questions continue to dominate public debate.

We mentioned earlier that there are signs of increased hostility toward African Americans. Indeed, cases of racially motivated attacks, some involving death or serious injury, have generated widespread concern in recent years. The killing of Yusef Hawkins in Bensonhurst, New York is a compelling example. On a visit to this white community to inquire about an advertisement for a car, Hawkins was assailed by a group of white youths and shot to death. The assailants believed he was visiting a white girl. The circumstances of this case bore an eerie resemblance to the wanton disregard for human life whites exhibited toward African Americans during the darkest days of segregation. Several equally notorious incidents have occurred, along with countless cases of physical assault, harrassment, verbal abuse, and other forms of mistreatment--in the North as well as in the South. Even many of the nation's most respected colleges and universities have experienced serious manifestations of racial antipathy.[17] Such incidents suggest that racism in its basest form is still very much a part of the American scene.

On the other hand, a substantial body of survey research on racial attitudes discloses marked improvement over the years. In 1942, for example, only 42 percent of whites believed that African Americans had the same intelligence as whites; this percentage increased to 78 percent by 1956 and continues to hover around this level. Similarly, in 1942,

only 42 percent of whites surveyed agreed that African Americans "should have as good a chance as white people to get any kind of job," while 95 percent said so in 1972. In 1964, the year the comprehensive Civil Rights Act was passed, one quarter of adult whites favored "strict racial segregation;" only 5 percent took this position in 1978. Some 53 percent of whites in 1964 believed African Americans "have a right to live wherever they can afford," compared to 84 percent in 1976.[18] Comparable results have been observed on other measurements of racial tolerance.[19]

Such changes in sentiment represent important progress. However, it is necessary to recognize that the progressive transformation in white attitudes has centered on broad principles of racial equality. There is much less support for specific policies intended to implement these principles. Also, whites exhibit more acceptance of equal treatment in the public domains of life than in the private domains. Further, whites are distinctly more optimistic in assessing the degree of racial progress that has been achieved than are African Americans. The Committee on the Status of Black Americans, in its comprehensive report, A Common Destiny, provides the following summary appraisal in the area of racial attitudes:

> The foremost conclusion is that race still matters greatly in the United States. Much of the evidence...indicates widespread attitudes of racism. This is not to gainsay convincing evidence of improving racial attitudes: a transformation of basic racial norms in the United States is the clearest finding from the survey trend data....The once widespread acceptance of segregation and discrimination as

> the guiding principles of black-white relations has given way to acceptance of the principles of desegregation and equal treatment.[20]

The Committee goes on to emphasize that:

> ...there remain important signs of continuing resistance to full equality of black Americans: principles of equality are endorsed less when social contact is close, of long duration, or frequent and when it involves significant numbers of blacks; whites are much less prone to endorse policies to implement equal participation of blacks in society.[21]

And their summary conclusion: "[T]he overall preponderance of evidence indicates that the existence of significant discrimination against blacks is still a feature of American society."[22]

Just as the evidence concerning racial attitudes is mixed, so, too, are assessments of the socioeconomic status of African Americans. On the one hand, the long-term progress of African Americans, in both absolute terms and relative to the condition of whites, has been impressive. In terms of income level, for example, a basic measure of economic well-being, African American families averaged $19,329 in 1988, compared to $1,986 in 1947. In 1988, the ratio of African American-to-white median family income was .57, up notably from 0.51 in 1947. Similarly, the median earnings of African American workers climbed from $79 per week in 1947 to $314 in 1988, closing the earnings gap with white workers by 11.9 percent. In occupational mobility, only 6.0 percent of African American workers held positions as professionals and managers in 1940. By 1980, this

percentage had grown to 14 percent, narrowing the racial disparity by 69.0 percent.

In educational attainment, the median years of schooling for African Americans in 1940 was 5.7, compared to 8.8 years for whites. By 1980, African Americans were averaging 12.0 years, as against 12.5 years for whites. Likewise, in 1940, fewer than two percent of African American females or males had completed college, while 5.0 percent and 7.5 percent of their respective white counterparts were college graduates. In the four ensuing decades, the proportion of African American females completing four years of college increased to 12.0 percent; 11.0 percent of African American males were in this category. The corresponding figures for whites were 22.0 percent and 25.5 percent.[23]

Similar long-term gains have been observed for other important status indicators. On balance, the cumulative data document empirically what one might intuitively expect: African Americans are generally much better off today than they were half a century or even one generation ago.[24]

On the other hand, the long-term progress is counterbalanced by the persistence of deep racial inequalities in key areas of individual and family well-being. Moreover, the relative advancement of African Americans has slowed and, in some cases, even reversed in recent years. In 1970, for example, the median income of African American families was 61.3 percent of the median for whites. In 1988, the percentage ratio was considerably lower

at 57.0. In 1972, African American workers were 2.0 times more likely to be hit by unemployment than their white counterparts. In 1988, the racial unemployment gap was 2.5:1 In 1980, the African American poverty rate was 2.8 times the poverty rate for whites. By 1988, African Americans were more than three times as likely to be poor.

The overall wealth status of African Americans is a minuscule nine percent of the wealth of whites. African American families average about $3400 in wealth or net worth, compared to $39,000 for white families. African Americans own barely two percent of the nation's businesses and account for less than one percent of the U.S. total in gross receipts. In the health area, the racial disparity in infant mortality rates has widened during the past decade, and life expectancy among African American males has declined.[25]

The list could go on. However, it suffices to say that racial parity in critical areas of socioeconomic well-being remains a highly elusive goal. Indeed, the author has projected elsewhere that, at current rates of change, parity status in most instances will not be achieved for an inordinate amount of time into the future, if ever.[26] The evidence of continuing racial inequalities cogently demonstrates that racism is still operative in the body politic and that the effects of the historical oppression of African Americans have not been overcome. The evidence also confirms the operation of contemporary racism in much more subtle, institutional ways, as compared to the blatant

exclusionary forms of the phenomenon that existed in the past. "Modern prejudice," writes Pettigrew, "is subtle and indirect. It is a part of widely and deeply held values, and it is reinforced institutionally. Old-fashioned bigotry can still be found throughout the nation, but confusion between it and modern prejudice obscures the current phenomenon. In fact, it is its careful separation from the older, cruder types of bigotry that helps to distinguish these new patterns of racism."[27]

We conclude this overview section by returning briefly to the issue of white benefits. It was observed earlier that racism and discrimination has served the interests of the white majority. Even though this proposition sounds self-evident, it has been the subject of disagreement among historians and social researchers. With respect to economic gains, the dispute largely revolves around which segments of white America have benefited as opposed to whether or not benefits have accrued. One school of thought holds that racial discrimination in the labor market has mainly benefited white workers by influencing employers to bid up the wages of this artificially circumscribed supply of labor. This so-called neoclassical theory is associated most prominently with Gary Becker.[28] The opposing view argues that capitalists and high income whites are the prime beneficiaries, as discrimination weakens the solidarity and bargaining strength of workers as a group. African American and white workers are seen as having common class interests

that are undermined by the existence of racism.[29] In a similar vein, there is also lack of consensus on the economic benefits of slavery.[30]

Despite such disagreements, our own position concurs with Glenn's conclusion that "...discrimination and its supporting prejudice persist mainly because majority people gain from them."[31] The point holds whether or not the degree of benefit varies among subgroups of the majority population. As a general proposition, there is no question that racism has, on the aggregate level, afforded white Americans predominant control over economic resources and access to economic opportunities largely at the expense of the African American minority. The wide disparities in economic status referenced above evidence this fact. By the same token, it is reasonable to infer from works on the psychosocial dimensions of racism that whites have experienced important, albeit perverse, psychic rewards from their collective dominance over African Americans.[32] These observations lead us to the central question of costs.

B. The Cost Issue

From the early days of slavery to more recent times, social analysts and commentators have propounded the cost of racism and discrimination in heavily moral terms. Gunnar Myrdal is rightfully credited as having formulated the most influential conceptualization of racism as a moral issue. In introducing his seminal study of the problem, Myrdal states:

> The American Negro problem is a problem in the heart of the American. It is there that the interracial tension has its focus. It is there that the decisive struggle goes on. This is the central viewpoint of this treatise. Though our study includes economic, social and political race relations, at bottom our problem is the moral dilemma of the American....The "American Dilemma"...is the ever-changing conflict between...the valuations preserved on the general plane which we shall call the "American Creed," where the American thinks, talks, and acts under the influence of high national and Christian precepts, and...the valuations on specific planes of individual and group living, where...group prejudice against particular persons or types of people... dominate his outlook.[33]

Thus, Myrdal's perspective highlights the departure between the abject status and treatment of African Americans and the society's avowed democratic ideals. The viewpoint conjures up related notions of "equity," "fairness," and "justice." Contemporary students of race relations have retained this focus on morality, even as they give it a pragmatic slant. A representative articulation is offered by Silverman, who admonishes that America "...must accept the Negro as an equal and participating member of society because it is the only right thing, the only decent thing, to do. In the long run, the greatest threat to the United States is not political or military, but moral..."[34] Even in the popular culture, the morality factor remains a commanding preoccupation, as illustrated by the public response to the recent movie, "Do the Right Thing."

Except on the most metaphysical level, it is virtually impossible to disentangle the premium on moral rectitude from more practical considerations of cost and consequence. Morality is serviceable, while immorality can seriously disserve the interests of a society and the welfare of all of its members. As Knowles and Prewitt argue in their analysis of American racism, "...it adversely affects whites as well as blacks."[35] In Beyond Black and White, psychiatrist James Comer summarizes the concern this way:

> The white mind has cost white people, black people and the nation dearly. It is impossible to calculate the price in dollars and cents...It has meant the loss of an enormous amount of human talent. The number of black lives snuffed out by violence is beyond counting. The number of black lives crippled and maimed is even greater. The psychological and social development of America's children--white as well as black--has been stunted. As a result, the nation is not prepared for an advanced scientific and technological age.[36]

The benefits of racism, then, must be weighed against the costs. In our judgment, the costs are no longer tolerable by any standard. The following chapters of this report are devoted to estimating and discussing the extent of liability.

As mentioned in the Introduction, the assessment concentrates on three main categories of cost--socio-psychological, sociopolitical, and economic. In each case, the analysis is inherently problematic and, to a large extent, judgmental. The variables that interest us do not readily lend themselves to precise measurement. Also, there

are complex linkages among the three general types of cost as well as among the more discrete variables they subsume. The basic interrelationships are depicted in Figure 1.

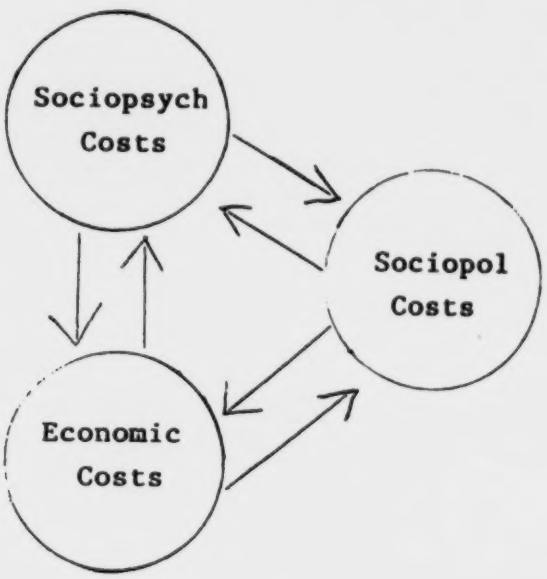

Figure 1. Reciprocal relationships between sociopsychological, sociopolitical, and economic cost of racism.

As the diagram suggests, the adverse effects of racism in one area produce adverse effects in another and vice versa. For example, the sociopsychological harm individual African Americans suffer may limit their economic productivity, while economic oppression, likewise, may have deleterious sociopsychological impacts. Similarly, economic oppression may generate adverse sociopolitical consequences, just as sociopolitical conditions may be costly in dollar terms. This simple paradigm underscores the complexity of

racism as a subject of scientific inquiry and as a problem for public policy. We will refer to it in the course of the discussion.

III. SOCIOPSYCHOLOGICAL COSTS: THE INDIVIDUAL LOSES

> In terms of mental health, racism is far more pervasive and a far more serious threat than childhood schizophrenia, mental retardation, psychoneurosis, or any other emotional derangement. Its destructive effects severely cripple the growth and development of millions of our citizens, both young and old alike. Yearly, it directly and indirectly causes more fatalities, diabilities and economic loss than any other single factor.[37]
>
> **Joint Commission on Mental Health of Children**

The sociopsychological component of racism and discrimination has been extensively studied. Most of this work has focused on the causes of prejudice and discriminatory behavior. Allport, Adorno, Dollard, Pettigrew, and Westie are all widely recognized names among an impressive list of scholars who have sought to explain the existence of prejudice in sociopsychological terms.[38] Needless to say, no single explanatory model has emerged that fully answers the motivation question. Prejudice and discrimination at the level of individual interaction clearly emanate from the interplay among a variety of factors, and these interrelationships are difficult to establish empirically.[39]

Our primary interest is not the sociopsychological causes of racism but its effects on the sociopsychological

functioning of the individual. Of course, there are formidable measurement problems in this area as well. Nevertheless, the cumulative research findings are instructive. The present cost analysis consists of a selective review and synthesis of some of this research.

While we are chiefly concerned with adverse sociopsychological impacts on African Americans, as the victims of racism, the review also includes a brief consideration of effects on white Americans, as the perpetrators. The combined "price" is important from a public policy standpoint.

A. Impacts on African Americans

There is some evidence that racism may cost African Americans the supreme price--self-destruction. As one psychiatrist observes, "in the black's attempt to cope with frustration and rage, his feelings of impotence and self-hatred often cause his anger to turn against himself."[40] Short of this ultimate consequence, however, there are a number of sociopsychological problems that result directly or indirectly from the racist treatment to which African Americans have been subjected. For convenience, these are classified into two broad, overlapping areas--personality development and interpersonal relations.

It must be stressed at the outset that any assessment in these areas implies assumptions about what is "normative" and what is "deviant," and is therefore heavily value-laden. In the African American experience, individual characteristics

that might be perceived as dysfunctional by prevailing societal standards may also be understood as functional adaptations to the realities they face in a hostile external environment.[41] This observation underscores the highly judgmental nature of sociopsychological evaluations, in general, and in the case of African Americans, in particular.

Personality development. A positive self-concept is widely accepted as being a crucial aspect of human growth and development. However, research studies have consistently disclosed that African Americans often have problems in this regard. The pioneering investigations of Kenneth and Mamie Clark produced important new insights. The researchers studied the development of race consciousness and color preference in African American children, by having their subjects choose between different colored dolls. The children tended to prefer the white doll as the one with the "nice color," while indicating that the dark colored doll "looks bad."[42] Simpson and Yinger summarize the significance of the Clarks' work as follows:

> These data suggest that the valuations of the dominant society are known and shared by three-year-old Negro children, that four- and five-year-olds have an even stronger rejection of their own color, and that the six- and seven-year-olds have begun to acquire a group identification to counter the self-devaluating beliefs they have absorbed. This change may not eliminate the earlier beliefs but may represent a greater verbal skill on the part of the older children in disguising feelings that seem, by that time, to be inappropriate. Thus an ambivalence toward oneself is indicated that will

continue to have important personality consequences.[43]

The Clarks' race consciousness and preference research has been replicated by numerous other investigators.[44] And the contemporary prevalence of the problem was illustrated dramatically in the recent NBC television documentary, " The R.A.C.E." ("Racial Attitudes and Consciousness Exam"), in which a group of African American children expressed preferences that were virtually identical to those exhibited by their counterparts nearly half a century earlier. It is worth mentioning, also, that the Clarks' work on self-concept was cited in the famous Footnote 11 of the Supreme Court's 1954 school desegregation ruling and is credited with having played a significant role in the decision.

The study of identity and self-image formation among African Americans has concentrated on young children. Morland found that the preference for white among preschool age children was more pronounced in the South than in the North. Conducting his study in the early sixties, the researcher explained that "[t]he segregated southern system can be assumed to place an even greater importance on being white than the less segregated northern system."[45] Deutsch examined the self-concept problem among African American children in the urban setting, emphasizing the effect of low expectations on the part of those representing the larger society--i.e., the "self-fulfilling prophecy."[46] Poussaint and Atkinson expound on the interface between the broader

social milieu surrounding the African American youth and his sense of self:

> For the black youth in white American society, the generalized other whose attitudes he assumes and the looking-glass into which he gazes both reflect the same judgment: he is inferior because he is black. His self-image, developed in the lowest stratum of a color caste system, is shaped, defined, and evaluated by a generalized other which is racist or warped by racists. His self-concept naturally becomes a negatively esteemed one, nurtured through contact with such institutionalized symbols of caste inferiority as segregated schools, neighborhoods, and jobs and more indirect negative indicators such as the reactions of his own family who have been socialized to believe that they are substandard human beings.[47]

As an extension of the focus on self-concept, African American youth have been observed to have lower achievement motivation than white youth, although the available evidence is not perfectly consistent on this point.[48] Similarly, the cognitive performance of African American students, as measured by various standardized tests, has been a matter of widespread interest. Research continues to disclose wide disparities in the performance of African American youth and their white counterparts.[49] How do these performance patterns relate to personality development and the operation of racism?

> Within the present educational apparatus, black students suffer from institutionalized discrimination in many ways but particularly in IQ testing, classroom ability grouping, and negative teacher attitudes. The combined effect of these factors is a progressive

> lessening of the child's self-esteem as he proceeds through school. Further, within each socioeconomic group the self-esteem of black children is less than that of white children. The self-concepts of black children of the ghetto, who bear the double stigma of blackness and poverty, are consistently lowest of all. The result of this process is a steady decline in academic performance...[50]

Any consideration of the topic of differential intellectual performance must reference the controversial "Coleman report," whose findings continue to inform scientific and policy discussions around factors that inhibit the academic achievement of African American students.[51] The report was the product of a survey mandated by the 1964 Civil Rights Act to ascertain the lack of equal educational opportunities by reason of race, color, religion, or national origin in the nation's public schools. It was one of the largest educational surveys ever conducted. The report's principal findings:

- Racial segregation in the public schools is widespread.
- Racial differences on achievement tests are substantial.
- Differences between minority and white schools exist, but regional differences are more predominant.
- There appears to be little relationship between academic achievement and school characteristics.

The first three findings were not especially surprising and largely went undisputed. On the other hand, Coleman's

observations on the influence of school characteristics were provocative. In particular, the study revealed that the most potent determinants of achievement are not the characteristics of the educational establishment but the student's own socioeconomic status and the educational background, aspirations, and socioeconomic status of his peers. This relationship was found to be most prominent among minority children. Many analysts, however, strongly criticized the report's virtual exoneration of the school environment vis a vis the educational and developmental problems of African American youth. For example, one writer acknowledged "the value of the integrated school for facilitating the achievement of the Black student and on influencing verbal attitudes toward Blacks in some future activities," while going on to inquire, "What of the Black student's adjustment, his self-concept resulting from constant exposure to racism in teachers, students, and administrators?"[52]

In short, with respect to personality development, particularly as it relates to self-concept, it is reasonable to conclude that racism and discrimination have had important detrimental effects on African Americans. To be sure, these effects are difficult to quantify, and one must be cautious about generalizing in the face of often conflicting or confusing empirical results. Also, there are significant interactions between class and race factors that render inference-making in some instances very problematic. Further, the increased emphasis on "black pride" and related

sociopolitical developments in recent years clearly have had a salutary impact on how African Americans feel about themselves as a people.[53] Nonetheless, the cumulative evidence supports the general view that one of the key sociopsychological costs of racism has been its adverse impact on the personality development of African Americans. In the blunt words of Malcolm x, "The worst crime the white man has committed has been to teach us to hate ourselves."[54]

Interpersonal relations. The effect of racism as a causative agent in the incidence of mental illness among African Americans has been one of the most challenging issues facing social science. Simpson and Yinger's conclusion that the relationship of race per se to mental health has not been clearly established by the empirical evidence still holds. "We cannot state categorically that there are no purely racial differences in the amount and types of mental illness," they write, "but it seems much more likely that differences in rates are the result of differences in experience."[55] The social experiences of African Americans, dominated by the operation of racism and discrimination, have been such as to exact heavy psychic costs. The damage may be reflected not only in the occurrence of clinically-based personality disorders but also in problems of interpersonal relations and the capacity to carry out legitimate social roles and responsibilities.

In their poignant work, The Mark of Oppression, psychiatrists Abram Kardiner and Lionel Ovesey describe and put into context the psychiatric disorders occasioned or aggravated

by racism.[56] For example, based on their systematic case studies of 25 African American patients, the researchers admonish against the hasty application of the term "paranoid." In the case of African Americans, they assert, "to see hostility in the environment is a normal perception. Hence, we must guard against calling the Negro paranoid when he actually lives in an environment that persecutes him."[57] Nonetheless, this reality-based "paranoia" drains psychic and emotional energy that otherwise might be devoted to some more constructive purpose. It is costly.

Grier and Cobbs, too, in the penetrating book, Black Rage, call attention to African Americans' intense, unending preoccupation with external threats.[58] They explain this vigilance as being a matter of necessity, a survival technique forced by the harsh realities of the African American experience.

> We submit that it is necessary for a black man in America to develop a profound distrust of his white fellow citizens and of the nation. He must be on guard to protect himself against physical hurt. He must cushion himself against cheating, slander, humiliation, and outright mistreatment by the official representatives of society. If he does not so protect himself, he will live a life of such pain and shock as to find life itself unbearable. For his own survival, then, he must develop a cultural paranoia in which every white man is a potential enemy unless proved otherwise and every social system is set against him unless he personally finds out differently.[59]

As clinicians, Grier and Cobbs try to explain the

confounding role of white racism in the occurrence of conventionally diagnosed paranoia among African Americans by pointing out that "with rare exceptions every paranoid black man is troubled about white persecution. Such concerns may be by no means central in their psychopathology but are a significant and vigorously verbalized source of pain."[60] Describing the case of "Miss Y.," a paranoid schizophrenic who, in addition to having assorted relationship problems in her personal life, complained of racial discrimination on her job, the authors elaborate on the general point as follows:

> We must also say that, given the difficult circumstances of her early life, Miss Y. would doubtless have developed a paranoid psychosis no matter what her racial experience, but being black in America meant that her environment demanded a certain paranoid posture of her regardless of her inner psychic structure. Her society made her illness itself an exquisitely painful thing and a misery which offers no respite. Finally, it made treatment more difficult, since, after all, who can really tell where her delusions end and reality begins in this mad, mad land?[61]

Complementing these psychiatric observations on the costs of racism, other investigators have emphasized the negative effects of racism on the performance of valued social roles and responsibilities. For example, Liebow's ethnographic study of African American "street corner men" illuminates the discrepancy between aspiration and opportunity so commonly experienced by African Americans.[62] He argues that even these individuals, who epitomize the

marginalization of African Americans by centuries of racial subjugation, cling to the values and aspirations that prevail in the larger society. The problem is that they have very little opportunity to act on and pursue them, and their social role behavior suffers as a result. Commenting on the frustrating problems the street corner men experience in the area of employment, Liebow writes:

> Sometimes he sits down and cries at the humiliation of it all. Sometimes he strikes out at [his spouse] or the children with his fists, perhaps to lay hollow claim to being man of the house in the one way left open to him, or perhaps simply to inflict pain on this woman who bears witness to his failure as a husband and father and therefore as a man. Increasingly he turns to the streetcorner where a shadow system of values constructed out of public fictions serves to accommodate just such men as he, permitting them to be men once again provided they do not look too closely at one another's credentials.[63]

Liebow's street corner men are defined by a whole complex of economic and social dynamics. However, there is little doubt that racism is at the core of their existence, the spiral of failure that distinguishes it, and the dysfunctional adaptations to self and others that result.

Pettigrew has strongly emphasized the role-playing demands and consequences of the African American experience.[64] We mentioned in Chapter II that subordination is the overriding condition associated with racism and discrimination. Whether as slaves or as theoretically "equal" members of the society, African Americans have been

in a perpetual struggle to negotiate their subordinate status. Even in this new era of African American militancy and assertiveness, the sociopsychological costs of adjusting to the subordinant role can be tremendous.

> Being a Negro in America is less of a racial identity than a necessity to adopt a subordinate social role. The effects of playing this "Negro" role are profound and lasting. Evaluating himself by the way others react to him, the Negro may grow into the servile role; in time the person and the role become indistinguishable. The personality consequences of this situation can be devastating--confusion of self-identity, lowered self-esteem, perception of the world as a hostile place, and serious sex-role conflicts.[65]

Grier and Cobbs correctly point out that African Americans have in recent years determined to repudiate the "Negro role" and reduce the costs associated with their longstanding subordination in a racist society. "For there are no more psychological tricks blacks can play upon themselves to make it possible to exist in dreadful circumstances. No more lies can they tell themselves. No more dreams to fix on. No more opiates to dull the pain. No more patience. No more thought. No more reason. Only a welling tide risen out of all those terrible years of grief, now a tidal wave of fury and rage, and all black, black as night."[66]

Indeed, the mobilization of African Americans around "Black Pride," "Black Power," and generalized self-determination principles in evidence since the 1960s may

be interpreted as a collective effort to change the racial rules of the game. The significance of these developments should not be underestimated. There simply is no question that the attitude of African Americans, toward themselves and the majority white population, is much different now than it was a short three decades ago. In general, the changes have been beneficial in counteracting the sociopsychological problems involved in the historical African American experience.

Equally important, African Americans have significantly improved their material conditions over the situation that prevailed in 1960. As detailed in Chapter II, their status across a range of indicators of well-being, measured in absolute terms and in relation to the white majority, is much more favorable now. Special attention should be drawn to the fact that the political empowerment of African Americans has grown in ways that were virtually unimaginable in the 1950s. Thus, the power relationships between the races have been fundamentally altered, and with this alteration has come a different set of guidelines for evaluating the sociopsychological costs of racism.

On the other hand, there is no disputing the persistence of pronounced racial inequalities. There is no disputing the fact that, collectively, African Americans remain in a distinctly subordinant position. There is no disputing the fact that white racism is still a pervasive, controlling force in American life. Likewise, there is no disputing the

fact that African Americans continue to pay a heavy sociopsychological price, in terms comparable to the price paid in years past. The high incidence of drug abuse among African Americans and the tragic frequency of intra-group homicide are among the most telling "marks of oppression" in the contemporary period. In short, there is a long way to go before assessments of the sociopsychological costs of racism may be regarded as an irrelevant academic exercise.

B. Impacts on White Americans

We will not dwell on the issue of the sociopsychological costs of racism to members of the dominant white majority. However, the discussion would be remiss and incomplete without at least a cursory consideration of the question.

While acknowledging the technical shortcomings of existing research, Simpson and Yinger assert the essential point that "prejudice is an expensive luxury in terms of the prejudiced person's own total interests and values."[67] They go on to identify two main costs--ignorance and ambivalence:

- [O]ne must point out not only the lack of information and the functions of that lack in serving the dominant group, but also the serious problems that result from faulty knowledge and attempts to make magical cures. When energies are directed by misinformation into activities that cannot possibly produce the desired result, the prejudice which helps to create that misinformation becomes a heavy cost.[68]

- Another personality consequence of prejudice is the development of seriously ambivalent, mutually contradictory views of life that cause one to be at odds with himself....There is a burden of guilt that will not, for the most part, be consciously recognized... but will be

> projected onto the minority group, with further feelings of hostility, more aggression, and intensified feelings of guilt. This vicious circle wastes one's resources and diverts his energies into ineffective actions.[69]

Pettigrew's review uncovers evidence that racism is associated with a lack of "positive mental health" in whites, although he, too, draws attention to the methodological constraints that impinge upon this type of analysis.[70]

It is worth mentioning in closing that the sociopsychological costs to whites have taken somewhat new, more intimidating forms in recent years. These are best described as fear and insecurity. The sociopolitical developments of the 1960s, fueled by "black rage," were very instrumental in this respect. The next chapter covers this subject matter in depth.

IV. SOCIOPOLITICAL COSTS: THE BROADER PICTURE

> What white Americans have never fully understood--but what the Negro can never forget--is that white society is deeply implicated in the ghetto. White institutions created it, white institutions maintain it, and white society condones it....It is time now to turn with all the purpose at our command to the major unfinished business of this nation....It is time to make good the promises of American democracy to all citizens...[71]
>
> **National Advisory Commission on Civil Disorders**

The 1960s was one of the most eventful decades in the nation's history, and African Americans either effected or were greatly affected by the major developments. The period witnessed the assassination of President John F. Kennedy and his brother, Robert, both of whom had become vocal advocates for the cause of racial justice on behalf of the government. Likewise, Martin Luther King, Jr., the preeminent civil rights leader, and Malcolm x, the strident nemesis of white racism, were silenced by the assassin's bullet. The Congress enacted the most comprehensive civil rights legislation of this century, and the Supreme Court took landmark decisions to ensure equality of opportunity. Also, President Lyndon Johnson implemented the War on Poverty, even as he was preoccupied with the military war in Southeast Asia.

Of the many history-making events in the '60s, none is

remembered more vividly than the riots that occurred in the nation's cities. Indeed, violent eruptions of African American discontent proliferated for virtually the entire decade. Those who were not close to the action experienced it nonetheless through televised news accounts, many of which were presented "live and in color." One had the sense of Armageddon, as there appeared to be no stopping the repetition of conflagration and carnage transpiring before our very eyes.

Public officials and social scientists, then and now, have offered a number of explanations as to why the riots happened.[72] Similarly, African American activists and organizational leaders have enunciated their own interpretations of the underlying and precipitating causes. Although the explanations vary, there is consensus that the urban riots were momentous sociopolitical phenomena which affected the whole of American society in critical ways. For our purposes, they were first-order sociopolitical costs of racism.

Concentrating on the '60s, this chapter analyzes the occurrence of urban riots from a cost perspective. Our emphasis is on the political destabilization they cause, their consequences in personal injury and loss of life, and the property damage and financial losses associated with them. We begin with a conceptual discussion of riots as a response to racial oppression.

A. Racism and Riots

Riots were not new to this country in the 1960s. The classical American race riot, involving violent conflict between African Americans and whites, first surfaced as a major social problem in the early part of this century. Among the most notorious was the East St. Louis, Illinois riot in 1917. Ignited by an assault on African Americans by white gangs, which provoked retaliatory actions by the former, the violent clash occurred over two days. Thirty-nine African Americans were killed, along with eleven whites, including two police detectives. Numerous injuries resulted among both races. The episode took place in July, the middle of the hot summer season.

Two years later, in 1919, Chicago was the scene of one of the most protracted, unmanageable riots between African Americans and whites. Triggered by rumors that a white man had drowned an African American youth at a segregated beach, the incident lasted a week. The Chicago police were unable to control the situation, and the state militia was brought in. By the time order was restored, a reported twenty-three African Americans had been killed, fifteen whites had lost their lives, and an untold number of injuries had been sustained. Again, the disturbance occurred in the summer.

The Detroit riot in the summer of 1943 marked a significant departure from the pattern of earlier disorders. Although the incident entailed the usual fighting between African Americans and whites, it was distinguished by an extensive amount of property damage. In particular,

white-owned businesses in African American neighborhoods were attacked. As Martin and Franklin note, this characteristic made the Detroit riot more like the disturbances that happened in the 1960s.[73]

The Detroit case is an important aid to conceptualizing the role and significance of the contemporary riot phenomenon. A key consideration in this regard is the target(s) of African American aggression. In East St. Louis and Chicago, for example, the principal, if not exclusive, target was other combative whites, and the conflict took on the form of a gang fight. Thus, the term "race riot" is a particularly appropriate descriptor for these events. In the 1960s, however, the chief targets tended to be police officers and other authority figures. Put differently, African Americans directed their aggression toward the most visible and accessible agents of the status quo--the keepers of the system of racial injustice that, in their perception, was responsible for their socioeconomic deprivations and subordinant position in society. Attacks on ordinary white citizens were the exception to the rule, and were very much a matter of happenstance when they did occur.

A second primary target, a la Detroit in 1943, were white-owned business establishments operating in African American communities. These places were regarded as blatant symbols of persisting white economic domination over African Americans and the race-based restriction of their economic opportunities. Most of these businesses had been in the

control of whites for decades. However, with the rapid changes in the racial composition of the surrounding community, brought on by far-reaching developments in the nation's economy, the businesses and their proprietors found themselves isolated amidst growing African American discontent and militancy. Like "Sal's Famous Pizzeria" in the provocative movie, "Do the Right Thing," they were attacked as representing institutional racism in its most frustrating form. "Sal" and other white merchants, many of whom had cultivated congenial relations with the African American residents, found themselves caught in the middle of a complex set of politico-economic forces whose origin occurred early on in the historical African American experience.

In short, the riots in the '60s featured attributes normally associated with a liberation movement.[74] This is not to say that a given incident was self-generated, purposeful, and organized as textbook liberation movements are. In most cases, the outburst was spontaneous, triggered by a more or less common circumstance. Nonetheless, it is clear that the collectivve violence in the 1960s was much more directly linked to the disadvantaged conditions African Americans experienced and much more sharply focused on the agents and agencies of their oppression than was typical of earlier race riots. For these reasons, among social scientists and other observers, a different nomenclature came into vogue to characterize these events. The terms "revolt,"

"rebellion," "insurrection," and "uprising" headed the list. In an incisive exposition on the nature of the contemporary disorders entitled, "Internal Colonialism and Ghetto Revolt," Blauner pressed the colonization perspective:

> The so-called riots are being increasingly recognized as a preliminary if primitive form of mass rebellion against a colonial status. There is still a tendency to absorb their meaning within the conventional scope of assimilation-integration politics: some commentators stress the material motives involved in looting as a sign that the rioters want to join America's middle-class affluence just like everyone else. That motives are mixed and often unconscious...is beside the point. The guiding impulse in most major outbreaks has not been integration with American society, but an attempt to stake out a sphere of control by moving against that society and destroying the symbols of its oppression.[75]

However they are conceptualized, it is clear that the outbreaks in the 1960s were a direct and inevitable response to racism. To quote the National Advisory Commission on Civil Disorders, which conducted the most comprehensive study of the disturbances, "White racism is essentially responsible for the explosive mixture which has been accumulating in our cities since the end of World War II."[76] Much of the Commission's report is spent detailing the elements of this "explosive mixture," and they are worth enumerating here:

- Pervasive discrimination and segregation in employment, education and housing, which have resulted in the continuing exclusion of great numbers of Negroes from the benefits of economic progress.

- Black in-migration and white exodus, which have produced the massive and growing concentrations of impoverished Negroes in our major cities...

- The black ghettos where segregation and poverty converge on the young to destroy opportunity and enforce failure. Crime, drug addiction, dependency on welfare, and bitterness and resentment against society in general and white society in particular are the result.

- Frustrated hopes are the residue of the unfulfilled expectations aroused by the great judicial and legislative victories of the Civil Rights Movement and the dramatic struggle for equal rights in the South.

- A climate that tends toward approval and encouragement of violence as a form of protest has been created by white terrorism directed against nonviolent protest...

- The frustrations of powerlessness have led some Negroes to the conviction that there is no effective alternative to violence as a means of achieving redress of grievances, and of "moving the system." These frustrations are reflected in alienation and hostility toward the institutions of law and government and the white society which controls them, and in the reach toward racial consciousness and solidarity reflected in the slogan "Black Power."

- A new mood has sprung up among Negroes, particularly among the young, in which self-esteem and enhanced racial pride are replacing apathy and submission to "the system."

- The police are not merely a "spark" factor. To some Negroes police have come to symbolize white power, white racism and white repression.[77]

The Commission admonished the nation to take heed of this new sociopolitical phenomenon, lest we all suffer from its consequences. By any measure, the cumulative consequences or

"costs" of racism associated with the urban riots are substantial. The nation must reduce the risk of incurring additional ones.

B. Cost Estimates

It is not possible to provide precise estimates of the incidence and magnitude of the 1960s riots--either in the aggregate or on a case-by-case basis. The available data are incomplete, inconsistent, and subject to a wide range of error. The methodology for reporting, collecting, and compiling riot information has varied greatly, as has the definition of what types of incidents to include in a survey. For example, many statistical reports cover only "major disturbances," as defined by some set of relevant criteria. Likewise, studies have tended to focus on incidents that happened during a delimited set of years in the decade or in a given year. For instance, the Kerner Commission concentrated on the events of 1967.

Despite their limitations, the available data are more than sufficient to indicate the general order of magnitude of the riots and their impacts. Below we examine selected sets of summary statistics and then supplement these assessments with data on individual riot episodes.

Summary data. Table 1 presents descriptive data on the incidence of rioting between January of 1964 and May of 1968, by year and overall for the extended period. The reader should bear in mind that only the first five months of 1968 are covered.[78]

According to these data, a total of 215 cities experienced "hostile outbursts" during the survey period. The lowest number of cities was in 1964, while 1967 and 1968 were particularly active years. Similarly, the frequency of outbursts, totaling 239, climbed progressively from 16 in 1964 to 82 in 1967 and 65 in the first five months of 1968. Thus, in 1967, there was an average of 6.8 outbursts per month; in 1968, the average jumped to 13 per month. These findings take on added significance when one considers that the Kerner Commission Report was released in 1968, covering the riots of the previous year.

Table 1

Selected Data on Hostile Outbursts by Year
1964-1968

Variable	Year 1964	1965	1966	1967	1968	Total
No. cities w/ outbursts	16	20	44	71	64	215
No. outbursts	16	23	53	82	65	239
No. days	42	31	92	236	122	523
No. arrests	2,000	10,245	2,216	16,471	18,675	49,607
No. wounded	580	1,206	467	3,348	2,341	7,942
No. killed	9	43	9	85	46	191

SOURCE: Bryan T. Downes, "Social and Political Characteristics of Riot Cities: A Comparative Study," Table 1.

The incidents consumed a grand total of 523 days, which averages to 2.2 days per outburst. Almost 50,000 riot-related arrests were made. As measured by the frequency of

arrests, 1967 and 1968, again, were exceptionally eventful years. In 1967, the number of arrests averaged 200 per outburst, while the average was a much higher 287 per outburst in 1968. By comparison, the arrest average was just 125 per outburst in 1964. Although it may be a function of several factors, number of arrests is an important indicator of the scale of a riot episode, insofar as it reflects the extent of involvement.

The table includes two critical measures of "cost"--injuries and deaths. Overall, nearly 8,000 persons were wounded in the 239 outbursts and 191 were killed. About 72 percent of the injuries occurred in connection with the 147 disturbances that eventuated over the 17-month 1967-1968 period. Sixty-eight percent of the deaths happened during this time. The number of deaths and injuries, as well as arrests, in 1965 is also noteworthy. These are largely accounted for by the Watts riot, which is widely recognized as the point of departure in the evolution of collective violent aggression by African Americans against white racism and its agents. Even now, 25 years later, the name "Watts" is synonymous with violent protest. Even now, Watts symbolizes the sociopolitical dynamite the continued oppression of African Americans risks igniting. The Watts riot is profiled separately below.

Similar summary data are provided in Table 2, for the years 1965-1967. The table is based on information supplied to the U.S. Senate Committee on Government Operations,

Permanent Subcommittee on Investigations by the mayor or police chief of 128 cities. The Subcommittee was charged by the Senate to "make a full and complete study and investigation of riots, violent disturbances of the peace, vandalism, civil and criminal disorders, insurrection, the commission of crimes in connection therewith, the immediate and longstanding causes, the extent and effects of such occurrences and crimes, and measures necessary for their immediate and long-range prevention and for the preservation of law and order and domestic tranquility within the United States."[79] As part of its work, the Subcommittee, popularly known as the "McClellan Committee," sent survey questionnaires to the mayors of 137 cities that were known to have experienced a civil disturbance. Although it received responses from 128 of the jurisdictions, the Committee confined its report to 101 "major incidents."

Table 2

Selected Data on 101 Major Riots
1965-1967

Variable	Year 1965	1966	1967	Total
No. riots	5	21	75	101
No. killed	36	11	83	130
Civilians	33	11	74	118
Officers	3	0	9	12
No. injured	1,206	520	1,897	3,623
Civilians	1,020	219	1,185	1,504
Officers	186	301	712	1,199
No. arrests	10,245	2,298	16,389	28,932

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Estimated property damage*	40,000	10,200	160,369	210,569 (531,664)
Estimated economic loss*	150	-	504,029	504,179 (2,680,338)

SOURCE: Riots, Civil and Criminal Disorders, Hearings before the Permanent Subcommittee on Investigations of the Committee on Government Operation United States Senate, pp.13-21.

* Figures in thousand $

As the table indicates, there was a sharp rise in the number of so-called major riots from year to year, ranging from 5 in 1965 to 75 in 1967. A total of 130 people were killed, 118 of whom were civilians. While no law enforcement personnel lost their lives in 1966, 9 were killed in riot-related incidents in 1967. More than 3,600 injuries occurred in the 101 disturbances covered. About 52 percent of the casualties took place in 1967, and 1965 accounted for one-third. It is worth noting the precipitously higher injury rate among law enforcement officers in 1967 versus 1965. In the latter year, law officers accounted for about 15 percent of all injuries; in 1967, the proportion was more than twice as high at 38 percent. There is no doubt that the official inquiries and actions around the rioting issue were greatly influenced by public consternation over the rioters' attacks on police officers. In a different vein, the arrest data suggest that the capacity of the criminal justice system was

severely tested.

The Committee sought to assess the economic costs of the riots, defined in terms of property damage estimates and economic losses resulting from permanently closed businesses, overtime paid for law enforcement personnel, and other nonproperty-related financial losses. Data on property damage were provided by only 40 of the jurisdictions, while just 19 submitted estimates of economic losses. Total property damage for the 40 reporting cases amounted to $218.1 million. The total in economic losses for the 19 reporting cases was $504.2 million.

We imputed overall cost estimates for the larger sample by averaging the two dollar figures computed for the subsets and multiplying the average in each case by 101. The imputed costs appear in parentheses. In property damage, we impute the overall cost to be $531.7 million. The imputed aggregate cost in economic losses is approximately $2.7 billion. Together, then, the 101 major riots that hit the nation's cities between 1965 and 1967 cost a grand total of $3.2 billion, without adjusting for inflation. Even allowing for the potential error in this estimate, it is clear that in economic as well as human terms, the urban riots were tremendously costly.

Additional descriptive statistics for the years 1968 and 1969 are summarized in Table 3. It is worth highlighting the fact that, according to the Civil Disorder Clearinghouse, there was more civil disturbance in the one month following

the death of Dr. Martin Luther King than in all of 1967. Otherwise, we move on to seek further insight into the costs of the riots by examining two individual cases--Watts and Detroit.

Table 3

Supplementary Summary Data on Incidence and Characteristics of Urban Rioting, 1968 and 1969

1968 (One month after assasination of Martin Luther King)	
No. of riot cities	172
No. of disorders	202
No. of arrests	27,000
No. of injuries	3,500
No. of deaths	43
1969	
No. of disorders	500
No. of arrests	9,400
No. of injuries	2,000
No. of deaths	23

SOURCE: Lamberg Center for the Study of Violence, Brandeis University. (Waltham, MA) 1969.

Individual profiles. The Watts riot was distinguished by the fact that it was the first major outbreak in what was to be a protracted series of urban revolts. It gained further renown in that most observers were surprised that such a massive upheaval could occur here--where single family

homes were very much the norm; where streets and recreational areas seemed to be kept relatively clean; where other municipal services were delivered more or less efficiently; where local commerce was carried on without unusual irregularity; where, by all outward appearances, the community was a stable working- and middle-class environment. It seemed much more likely that the eruption of the "explosive mixture" would occur in an African American enclave in the East or Midwest, that is, in one of the more obvious slum areas with which the term "black ghetto" was most often associated in the public view.[80] Moreover, many were bewildered by the fact that Watts exploded in the wake of comprehensive new civil rights legislation and despite the promise of the federal War on Poverty which had been initiated just a year earlier.

But it happened. Watts shocked the nation like few other domestic events have. The outburst of violence struck a deep-felt fear in the heart of the larger white community and upset dramatically the established structure of race relations as well as the institutional relationship of Watts to the City of Los Angeles. For six fiery days, the attention of the nation and much of the world was riveted on these developments. The community's main thoroughfare, 103rd Street, became the infamous "Charcoal Alley," as petrifying cries of "Burn Baby, Burn!" resonated like mortar fire.

Of course, subsequent study illuminated the depressing realities of human deprivation and disadvantage that the

placid exterior of Watts had largely concealed from the unknowing (or uninterested) observer. More importantly, closer examination revealed the intense frustration with their conditions the African American residents of this nondescript community had suffered over the years.[81] Watts was a rebellion waiting to happen. It took only that chance combination of circumstances to set it off. What did it cost?

Thirty-four persons were killed in the riot, 25 African Americans. More than 1000 persons were injured. Almost 4,000 people were arrested on riot-related charges. A reported 977 buildings were looted, damaged, or destroyed, resulting in an estimated $40 million in property damage. Over 1000 police and 13,000 National Guardsmen were called into action to suppress the actions of an estimated 10,000 participants in the riot. And the participants were not mainly young thugs and hoodlums who behaved like "monkeys in the zoo," as then Police Chief William Parker described them. Forty-one percent of those arrested were in the 25-39 age group and another 17 percent were 40 years old and older. Of the adults arrested, 26 percent had no prior criminal record of any kind, 29 percent had an arrest record but no conviction, and 7 percent had a conviction of less than 90 days.[82] As to their behavior and motivations for participating:

> No one would deny the extensive property damage perpetrated by the rioters in looting and burning the stores, the physical assault upon police, white motorists, firemen, and

> others. One can however question whether this behavior is essentially an irrational stampede and orgy of destruction, and hence void of collective social significance and personal meaning. Nothing is gained by defining riot behavior as irrational a priori. There is considerable evidence that the rioters observed certain bounds, that they directed their aggression at specific targets, and that they selected appropriate means for the ends they intended to obtain.[83]

In other words, the Watts riot is best understood as a sociopolitical statement against racial injustice. This is not to justify the very real human and material losses that occurred. To the contrary, the African American community itself suffered most in critical respects. Nevertheless, it bears emphasizing that the riot and the adverse consequences linked to it were occasioned by white racism. They were sociopolitical costs of continued racial oppression. The Detroit case, also, should be viewed from this perspective.

If Watts was the first of the majors, the Detroit riot of 1967 was the standard-setter in terms of scale. Detroit, too, was a rebellion waiting to happen, and the events there left no doubt about how fragile social order is and how destabilizing collective violence can be.

> Over a period of time a disturbance may develop into an upheaval which draws in thousands or tens of thousands of participants from the Negro ghetto, exhausts the resources of local police, severely taxes the capacities of city institutions, and involves an extra-ordinarily wide range of lawless activities on the part of both Negroes and control authorities. After the disorder has ended, an area often looks as if it has been through a state of civil warfare. Such was the case in

Detroit...[84]

The comprehensive cost inventory for Detroit more than supports the civil warfare analogy. The list of noteworthy items includes the following:

- Forty-three persons were killed, accounting for more than half of all deaths resulting from the 164 civil disturbances that occurred during the first nine months of 1967 and 20 percent of all riot-related deaths between 1963 and 1968.

- A reported 657 persons were injured, including 476 law enforcement officers or firefighters and 72 innocent bystanders. According to records of three local hospitals, an overall total of 1,189 riot-related injuries were treated.

- A total of 7,231 persons were arrested, 90 percent of whom were adults.

- More than 2,500 stores were looted, burned, or destroyed. Amost 75 percent of the stores destroyed were white-owned. The Fire Department estimated property damage at $250 million.

- There was an estimated $108.2 million in insured property losses and between $50 and $60 million in uninsured losses. Loss of retail sales was put at $8 million. Loss in assessed valuation of personal and real property was estimated at $11.3 million.

- The municipal government incurred losses of over $11.6 million. The cost categories: overtime and shift premium pay to policemen and firemen, damage to equipment, revenue losses, additional operating expenses, cost of demolition of unsafe buildings.

- One-half million dollars was expended to deploy the National Guard, and a liability of $2.5 million was incurred in unprogrammed and unbudgeted costs.

- There were untold losses associated with "other costs," including:

- loss of wages by workers throughout the city. More than 1200 workers lost their jobs as a result of the rioting.

- loss of convention business, decline in hotel occupancy rates.

- drop in attendance at nearby resorts.

- loss of business as result of damage to Detroit's image as a model city.[85]

Collectively, the riots in Watts, Detroit, and the hundreds of other cities around the country demonstrated that social stability is not an attribute the society can take for granted. It must be pursued and preserved through public policies that are recognized as equitable and just. Of course, it is possible to maintain "law and order" by exercising physical force. All of the civil disorders were ultimately overcome by the raw power of the State. But the stability of repressive regimes is precarious in the face of legitimate unfulfilled grievances. Furthermore, a repressive approach to maintaining peace and tranquility could not be sustained here without costing all of the nation's citizens the democratic freedoms, rights, and privileges that are the essence of the American Way.

In some sense, we might consider ourselves fortunate for having survived the urban rioting that so threatened the society and its institutions just a few short years ago. But we paid a heavy price. No research methodology presently exists which is able to estimate fully just how great the

price was. One does not need precise statistical techniques, however, to know that we cannot afford it again. The world has changed tremendously since the last fire was extinguished in "Charcoal Alley," and so have our needs as a nation in the modern era. There is no more crucial priority than to eradicate the conditions of institutionalized racial injustice that continue to disadvantage the African American population.

V. ECONOMIC COSTS: THE BOTTOM LINE

> Discrimination against minorities... has significant economic and social costs. It is estimated that society loses up to $20 billion per year of potential production as a result of employment discrimination and poorer educational opportunities for nonwhites.[86]
>
> **Economic Report of the President**

The discussions in the two previous chapters focused on some of the important sociopsychological and sociopolitical consequences of American racism. Recalling the conceptual framework outlined in Chapter II, one can surmise economic implications in either case. The adverse sociopsychological impacts we described, for example, might restrict the individual's prospects for economic mobility. Thus, a negative self-concept may militate against academic achievement which, in turn, limits the individual's competitiveness in the world of work. The general relationship between sociopsychological variables and economic well-being has been firmly established in empirical studies.[87]

By the same token, the untoward sociopolitical consequences of racism may be assessed in economic terms. In this instance, the relationship is much more direct. A burned building costs money to repair, looted inventory costs money to replace, a riot-related injury costs money to treat,

etc. The economic impact of urban riots has from the outset been a dominant concern among policymakers and the general public--African Americans as well as whites. More generally, social instability is very much a matter of dollars and cents.

The present chapter is explicitly concerned with economic "bottom line" issues. The economics of racism and discrimination is without doubt the overriding factor in any assessment of costs. In American society, where the free enterprise system reigns supreme, the general welfare is defined and pursued in terms of economic interests. This observation is not intended to be an indictment. Free enterprise is most compatible with our democratic precepts and, for the most part, has afforded Americans an exceptionally high standard of living. Hence, the primacy of economics is not in dispute here. To the contrary, our aim is to demonstrate that racism has been a serious hindrance on economic performance and well-being. In this sense, there is little question that we can no longer afford the price.

The analysis addresses two interrelated concerns--the economic price that African Americans themselves have had to pay and the price that racism has cost the general economy. The first concern is the more straightforward and obvious of the two. White America has clearly recognized the economic deprivations suffered by African Americans, even though there continues to be substantial disagreement regarding the extent to which African Americans themselves are responsible for

their current economic problems. The cynical sentiments are expressed most vocally in popular discussions of the so-called "black underclass." Nevertheless, white Americans have evinced through the years a more supportive attitude toward the principle of equal opportunity and compassion for the difficulties African Americans on the whole have experienced in realizing economic well-being.

It is necessary to stress, however, that White America generally has approached this subject from a moral standpoint, that is, from the standpoint of the "American dilemma" as originally conceived. There has been relatively little appreciation of the interface between the economic well-being of African Americans and that of the society at large. Thus, in considering the need to eradicate racism in the economic area, the question "What's in it for me?" has not been treated as a priority issue, the operative answer being "Very little." This view is misguided.

The second objective of our analysis, then, is to examine how the economic conditions of African Americans impact the nation's economy and, thus, the individual economic self-interests of the white majority. There is some indication that a more enlightened perspective on this topic is beginning to take hold. For instance, Money magazine, the highly respected periodical on financial affairs with a predominantly white readership, recently published a major article on "Race and Money." One of the most cogent assertions of the article is that "While blacks bear the

brunt of racism, the resulting inequalities cost all Americans enormously."[88] We estimate some of this cost in the second part of the chapter.

A. Costs to African Americans

The economic costs of racial inequality to African Americans are examined according to four basic indicators of group economic status--income level, unemployment rate, occupational representation, and earnings. In each case, the condition of African Americans is compared to that of the white majority. Hence, any reference to racial equality or parity involves the relative positions of these two groups.

Income. Income is the most basic measure of economic status, and per capita income is used here to estimate the cost of racism. Table 4 shows African American and white personal income data for the years 1980-1988, adjusted for inflation. In columns a and b, we see how the two races compare in terms of actual per capita income for each year. The personal income of African Americans is consistently far less than that of whites. In proportional terms, the level of African American-to-white income ranges from a low of 56.3 percent in 1982 to a high of 59.5 in 1988. For the period as a whole, then, African Americans averaged less than 60 cents to each dollar of income received by whites.

Table 4

Comparison of African American and White Per Capita Income and Estimated Costs of Racial Inequality 1980-1988, in 1988 Dollars

Afr. Year	Amer.	(a) Per Capita Income (%) Wht.	(b) Ratio AA/Wh (actual)	(c) Total AA inc. (with in bils.	(d) Total AA inc. in parity)	(e) Cost est. bils.
1988	$8,271	$13,896	59.5	$242	$421	$179
1987	7,961	13,686	58.2	234	401	167
1986	7,779	13,332	58.3	226	385	159
1985	7,520	12,832	58.6	214	366	152
1984	7,147	12,455	57.4	202	361	149
1983	6,803	11,957	56.9	188	331	143
1982	6,571	11,679	56.3	179	319	140
1981	6,675	11,686	57.1	179	314	135
1980	6,897	11,820	58.4	183	312	129

SOURCE: Based on data in U.S. Department of Commerce, Bureau of the Census, Current Populations Reports, "Money Income and Poverty Status in the United States: 1988;" and "Trends in Income, by Selected Characteristics: 1947 to 1988."

The instructive data for our purposes are contained in columns c-e. Column c shows the actual aggregate income of African Americans for each year, while column d indicates what this amount would be under the condition of racial parity--i.e., if African Americans had the same per capita income as whites. The figures in column e represent the

difference between African Americans' actual total income and their total as determined from the parity computation. This difference is the "cost" of racial inequality in income. The order of magnitude is immediately apparent. The personal income loss for African Americans runs as high as $179 billion in 1988. The grand total for the nine-year period is a mind-boggling $1.4 trillion! This is a staggeringly large number by any standard.

It is also worth noting that the size of the estimated income loss figure increases progressively from one year to the next. Between 1980 and 1988, the amount went up by $50 billion, a growth rate of 39 percent.

Of course, the parity and cost estimates are subject to a number of caveats. For example, a more rigorous analysis would take into account the different age distributions of the African American and white populations. African Americans are the younger group, and are therefore more likely to have persons who are not yet old enough to produce income. Assuming that African Americans should have the same per capita income as whites might generate inflated parity estimates. Likewise, any number of determinants may operate to sustain the personal income gap between African Americans and whites. What proportion of the problem to assign to racism as opposed to some more race-neutral cause(s) is a vexing question that is not easily answered.

Even allowing for the technical limitations of this type of analysis, there should be no doubt that massive amounts of

personal income are denied to African Americans by racism and discrimination. One cannot help but contemplate what such added consumption power would mean to the economic welfare of African Americans themselves and to the nation's commerce.

Unemployment rates. One of the principal constraints on African American income is their inordinately high level of unemployment. Indeed, severely disproportionate unemployment rates distinguished the economic status of African Americans throughout the 1980s. The severity of the problem is detailed in Table 5, which presents overall African American and white unemployment rates from 1980-1988.

As the Table shows, African Americans were more than twice as likely as whites to be hit by unemployment in each year. One should bear in mind that the economy experienced two major recessions in the early part of the decade, which had a devastating impact on the workforce as a whole. In particular, the respective jobless rates for 1982 and 1983 reflect the gravity of the economic downturn. Since 1983, the jobless rate among both groups has declined progressively, concomitant with the economic recovery. However, the racial unemployment gap has not abated. To the contrary, African Americans were more likely than whites to be jobless in 1988 than they were in 1980. In good economic times and bad, then, disproportionate unemployment dominates the labor market experience of African Americans.

Table 5

African American and White Unemployment Rates and Unemployment Ratios, 1980-1988

Year	Afr. Amer. (%)	White (%)	Ratio Afr.Amer. to White
1988	11.7	4.7	2.5
1987	13.0	5.3	2.4
1986	14.5	6.0	2.4
1985	15.1	6.2	2.4
1984	15.9	6.5	2.5
1983	19.5	8.4	2.3
1982	18.9	8.6	2.2
1981	15.6	6.7	2.3
1980	14.3	6.3	2.3

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, Handbook of Labor Statistics, August 1989.

One gains a more direct understanding of the impact of disproportionate African American unemployment in cost terms by focusing on the actual number of jobs lost in a given year. Swinton provides such an assessment for 1988:

> Even without looking at the impact on discouragement and labor force dropout, the higher unemployment rates experienced by blacks cost blacks hundreds of thousands of jobs every year....During 1988, on average, the unemployment parity gap was over 1 million jobs. Black men experienced a 379 thousand job shortage due to lack of parity in unemployment while black women suffered even more, experiencing a 425 thousand job

> shortfall. Black teenagers lost 182 thousand jobs due to lack of parity in unemployment.[89]

Finally, it is important to observe that the phenomenon of disproportionate African American unemployment occurs across occupations and industries and irrespective of educational achievement levels. For example, one study found that the racial unemployment gap among certain categories of administrators and managers was 4.5:1 in 1985--i.e., African Americans in these occupations were four and one-half times as likely as their white counterparts to be jobless.[90]

Occupational representation. Not only are African Americans much more likely than whites to be unemployed, they are also much more likely to be employed in lower status, lower paying occupations, and are correspondingly less likely to hold the more prestigious and rewarding positions in the occupational structure. Racism and discrimination in economic life continues to cost African Americans dearly in these respects, as is indicated by the data in Table 6.

Table 6

Occupational Representation of African Americans and Whites, 1988

Occupation	% Afr. Amer.	% White	Diff. betw AA % for occup.& % of empl'd
Mgrs & profs.	6.2	90.5	-3.9
Exec., admin., & managerial	5.6	91.6	-4.5
Professional	6.7	89.4	-3.4
Tech., sales, admin. support	9.1	87.8	-1.0
Technicians & related support	9.3	85.7	-0.8
Sales	6.1	90.9	-4.0
Adm support	11.3	85.5	1.2
Service	17.6	79.0	7.5
Private hh'd	22.6	75.6	12.5
Protective serv	16.7	81.5	6.6
Other service	16.7	78.8	7.3
Precision prod., craft, & repair	7.5	90.1	-2.6
Oper.'s, fabricators, & laborers	15.0	82.1	4.9
Farming, forestry, fishing	6.6	91.7	-3.5

SOURCE: U.S. Bureau of Labor Statistics, Handbook of Labor Statistics, August 1989, Table 17.

The first two columns in the table show what percentage of all workers in each occupational category African Americans and whites represent. The third column shows the degree to which African Americans are over- or under-represented in a given category, relative to their proportion

of the employed workforce. In 1988, the latter figure was 10.1 percent versus 86.8 percent for whites.

The pattern is clear: African American workers are over-represented in the lower status occupations and under-represented at the upper end of the occupational scale. For example, while they comprised just 10 percent of employed workers in 1988, African Americans accounted for 15 percent of all operators, fabricators, and laborers, an over-representation of 5 percent. Similarly, they were over-represented by 12.5 percent among private household workers. On the other hand, African Americans accounted for only 5.6 percent of all executives, administrators, and managers and just 6.7 percent of all professional workers. Whites were over-represented in both of these categories. While the occupational status of African Americans has improved considerably over time, one can only infer that racism and discrimination continues to limit their advancement.[91]

Earnings. The most obvious effect of the occupational disadvantages of African Americans is found in their earnings levels. Overall, the earnings of full-time African American workers in 1988 were just 80 percent of the earnings of their white counterparts. (See Table 7) African American males fared much worse than did females. The percentage of African American-to-white earnings among males was .75, compared to .91 among females.

Table 7

Median Weekly earnings of African American and White Workers, by Sex 1988

	Afr. Amer.	White	Ratio
Total	$314	$394	.80
Females	288	318	.91
Males	347	465	.75

SOURCE: U.S. Bureau of Labor Statistics, Handbook of Labor Statistics, August 1989, Table 41.

These earnings differentials have changed very little in the past ten years. They, too, suggest the continued operation of racial discrimination in the labor market, and the data help to clarify the economic costs African Americans incur as we approach the 21st century. The earnings variable figures prominently below in our analysis of the economic cost to the society as a whole.

B. Cost to the National Economy

Historically, the American economy was the envy of the western world. There seemed to be no limit to the ability of the capitalist, free enterprise system to generate income, wealth, and a progressively higher standard of living for the American people. This stature as a leader in economic development continues. However, it has been seriously challenged in recent decades by economies that have proved to be highly competitive. Japan, West Germany, and South Korea

are exemplary among the countries that have made impressive progress in developing their economies over the past forty years or so. As a result, the world marketplace has changed dramatically. Americans have experienced the ramifications of this development in painful ways. There is growing concern that the erosion of America's position in the global economy will continue unless forthright actions are taken to reverse the trend.

The central issue is how to improve the nation's economic productivity and efficiency in the face of the changing demands on performance. In this connection, there is broad consensus on the need to undertake progressive structural and technological initiatives, even as there is disagreement concerning specific actions. At the same time, there is an increased emphasis on the importance of removing existing constraints on economic progress. This is the context in which the contemporary role of racism and discrimination must be critically examined. This is the context in which the issue of the economic costs of racism takes on far-reaching significance.

Economists and other social scientists have for years debated the question of whether and how racial discrimination militates against the nation's economic interests. The question is exceedingly complex, and the divergent scientific literature reflects the difficulty of getting a handle on it.[92] However, the preponderant body of opinion asserts that racism is indeed a major hindrance on the overall functioning

of the economy.

> ...[D]iscrimination will be costly to society, since it results in a clear and potentially serious loss of efficiency. When society's rewards and penalties are distributed to its members in a manner not consonant with their relative productivities, then at least some scarce resources are bound to be overallocated to relatively unproductive members of the "favored" race...and underallocated to more productive members of the race being discriminated against....Society's aggregate real output, therefore, will fall below its potential...[93]

Another writer puts the issue squarely in terms of the utilization of human resources. "Discrimination on the basis of gender or race," he writes, "is not only harmful to its victim, it wastes important resources. When talented people are denied access to jobs commensurate with their potential, productivity and economic competitiveness suffer."[94]

As to the economic dysfunctions of discrimination against African Americans, in particular, Perlo's conclusion accords with our own judgment:

> ...[E]conomic discrimination at Blacks is the nation's number one economic problem. No economic problem affecting the majority of the population can be solved or significantly eased unless the solution includes a vast improvement in the economic situation of Black people and substantial reduction of the discrimination against them.[95]

The data in the previous section illustrate that "vast improvement" in the condition of African Americans remains to be achieved. Most notably, African Americans continue to be

disproportionately unemployed and underemployed, both of which circumstances bespeak a counterproductive underutilization of human resources. What does it cost the economy? The data in Table 8 provide a partial but revealing answer.

The table shows 1) the ratio of African American-to-white per capita earnings in 1988, 2) the actual aggregate earnings of African American workers during the year, 3) what the aggregate earnings of African American workers would have been under the condition of racial parity (i.e., if their per capita earnings was equal to that of white workers), 4) the difference between the actual and parity aggregate earnings estimates, and 5) the proportion of the year's overall Gross National Product (GNP) this difference represents.[96] Items 2, 3, and 4 interest us the most.

Table 8

Estimated Effect of Racism on the Economy, as Measured by Difference Between Actual African American Earnings and Earnings Under Parity 1988

% of AA to white earnings	Total AA earnings (actual)	Total under parity	Diff betw actual & parity	% of GNP
.60	09.2 bil.	183.4 bil.	74.2 bil.	1.8

In 1988, the aggregate earnings of African Americans was about $109 billion. If racial parity in earnings had

prevailed, however, the total would have been $183.4 billion. Since labor is a principal component of GNP, the absence of earnings parity cost the American economy nearly $74 billion in 1988. Put differently, racial equality would have boasted the GNP for the year by about 1.8 percent. In fact, for each year between 1980 and 1988 (data not shown), the GNP would have been close to 2 percent higher had there been earnings parity between the races. Thus, the total loss to the economy during this period is in the hundreds of billions of dollars.

Some analysts have argued that African Americans are economically expendable, owing to technological advances and the increased reliance upon automation in the production process.[97] While it may have intuitive appeal, there are sound bases for rejecting this position or, at the very least, to put it into better perspective. The fact is that African Americans represent vital human resources as we look toward the next century. If the American economy is to reach a new level of productivity, it will not suffice merely to eliminate the problem of racial discrimination. It is also necessary to take aggressive, forward-looking measures to develop the potential of this resource pool. These points are elaborated upon in the concluding chapter.

VI. DISCUSSION AND CONCLUSIONS: LOWERING THE PRICE

> Racism is a disease we're all going to have to work hard to combat. It's an evil in any society, but especially in a democracy such as ours in which the measure of society's strength is its treatment of minorities.[98]
>
> John E. Jacob

This report has presented a systematic examination of the costs of racism in American society. The inquiry covered important sociopsychological, sociopolitical, and economic impacts of racial injustice as it relates to the well-being of African Americans and the nation as a whole. As we allowed at the outset, such investigations are highly problematic. The issues are inherently elusive and terribly complex. Cause-effect relationships are difficult to conceptualize and even more difficult to determine empirically. Thus, we have tried to be appropriately cautious in interpreting and drawing conclusions from the empirical data available to us.

Despite the caveats, the upshot of the report can be stated simply: <u>American racism has been and continues to be a profoundly costly problem</u>. Whether one addresses the issue in its sociopsychological dimensions, in terms of

sociopolitical considerations, or in relation to fundamental economic interests, the failure of this nation to come to grips with the existence of racism and discrimination should be a matter of deep concern to us all. We all have paid a heavy price. To be sure, reasonable people will disagree over various cost estimates and the overall magnitude of the problem. However, there should be consensus that the costs are too high, and there must be a collective commitment to solve the problem.

In this concluding chapter, it is important to underscore the policy considerations set forth in the opening. Inexorable changes in the demography of the country, coupled with the emergence of an increasingly competitive global marketplace, have altered drastically the framework within which we must assess our needs as a nation and set our national priorities. In addition, the momentous political developments in Eastern Europe and other parts of the world, which have brought resurgent movements toward democracy, are vitally linked to our own self-interests. To this mix of dynamics one also must add the nation's worsening fiscal crisis, spearheaded by a huge federal budget deficit and an unprecedented calamity in the savings and loan industry whose severity still has not been fully disclosed. In the context of these exigencies, the continued presence of racism in our national life is much more than a nuisance, embarrassment, or moral outrage. It is a liability of immense proportions.

American society has therefore reached a critical point of departure which could have decisive implications for her long-term future. Whether we will pursue the right course toward strength and vitality or continue to endure the failures of the past is uncertain. What is certain is that the future is ours to control. What is certain is that action based on enlightened self-interest holds the greatest promise. What is certain is that lowering the costs of racism is a key prerequisite to progress. We offer three main policy proposals.

First, there must be an unqualified recommitment to ensure equal opportunity in all areas of social and economic life. This proposal is not mere platitude. In recent years, the mobility prospects for African Americans have been seriously undermined by regressive policies on the part of the national government. Even the U.S. Supreme Court, whose earlier decisions were indispensable in the promotion of racial equality, has since issued highly detrimental rulings--including the ruling against minority set-asides in Croson v. Richmond, the ruling restricting employment contract rights as they relate to race discrimination in the workplace in Patterson v. McLean Credit Union, and the ruling allowing for reopening of settled affirmative action cases in Martin v. Wilkes.

At this writing, the Congress and the Administration are at loggerheads in negotiations over the enactment of legislation that would remedy and reverse the adverse effects

of these Court decisions. The ultimate disposition of the 1990 Civil Rights Act will go a long way toward indicating the degree to which the nation's leadership recognizes the critical interconnection between the needs of African Americans and other disadvantaged minorities and those of the larger society. Also, what happens to the proposed legislation will send a message to the rest of the world as to this nation's willingness to rectify injustice, whatever its source.

Second, we must determine by all means necessary to train and prepare the present generation of African American youth to meet the nation's changing human resource needs. This will require not only that we discard stereotypical, racist thinking about their capacity to learn and perform but also that we appropriate and deliver effectively the resources required to maximize their potential. There is a clear investment decision involved here. Some might argue that the investment should be in new technology that further reduces reliance on human labor. A strategy that emphasizes educating people, in this view, is not cost effective, particularly when one ponders the severity of the educational disadvantages among African Americans. This write-them-off attitude is narrow-minded.

That we must effect further technological improvements is beyond dispute. Our international competitors are moving aggressively in this direction. At the same time, these other nations have exhibited a much more progressive

orientation toward the development and use of human resources. No matter how technologically advanced we become during the next decade, the economy will be heavily dependent upon skilled personnel to make it work. If African Americans are disregarded, the society could well find itself in a serious human resource shortage and ill-equipped to meet the challenges ahead. In that event, we all would suffer.

Third, there must be a concentrated effort to revitalize the nation's economically depressed urban areas where African Americans continue to be disproportionately represented. The effects of institutionalized racism are manifest most acutely in these environments, and the costs we pay for their neglect multiply at a disturbing rate. The reference here is not limited to the civil disturbances that were discussed in Chapter IV, for serious costs are incurred even in the absence of violent discontent. Most important is the cost of dependency. Our urban centers offer little opportunity to be productive, to contribute to the economic vitality of the local area and thereby to the economic strength of the nation as a whole.

We are mindful of the systemic forces that gave rise to the so-called "Black Ghettos," and are not suggesting that their effects can be completely reversed. However, it seems clear that these areas need not be perpetual liabilities, veritable wastelands of human talent. The National Urban League's call for an "Urban Marshall Plan" fully recognizes the potential that resides in them. In a real sense, the

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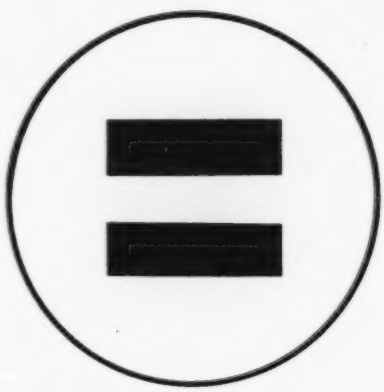

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